TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

HB 451

February 1, 2021

SUMMARY OF BILL: Requires a health insurance carrier that provides coverage for prescription insulin drugs to cap the total amount that a covered patient with diabetes is required to pay for covered prescription insulin drugs at an amount not to exceed $100 per 30-day supply of insulin, regardless of the amount, type, or number of insulins or the number of prescriptions needed to complete the 30-day supply for the covered patient with diabetes.

Requires any insulin supplier that supplies prescription insulin drugs into or within the state for use by a patient with diabetes to cap the total price for prescription insulin drugs at an amount not to exceed $100 per 30-day supply of insulin, regardless of the amount, type, or number of insulins or the number of prescriptions needed to complete the 30-day supply for a patient with diabetes.

ESTIMATED FISCAL IMPACT:

Decrease State Expenditures - $12,038,300/FY21-22 and Subsequent Years

Decrease Federal Expenditures - $108,100/FY21-22 and Subsequent Years

Decrease Local Expenditures - $1,349,600/FY21-22 and Subsequent Years

Assumptions:

- Based on information previously provided by the Division of Benefits Administration, the proposed legislation will result in significant savings to the State Group Insurance Programs estimated to be $13,495,951, due to the $100 cap on the total price for prescription insulin drugs that may be imposed by suppliers of such drugs.
- It is estimated that 51 percent of members are on the State Employee Plan, 39 percent are on the Local Education Plan and 10 percent are on the Local Government Plan.
- The State Employee Plan will experience a recurring decrease in state expenditures estimated to be $6,882,935 ($13,495,951 x 51.0%).
- The Local Education Plan will experience a recurring decrease in state expenditures estimated to be $5,263,421 ($13,495,951 x 39.0%).
- The Local Government Plan will experience a recurring decrease in local expenditures estimated to be $1,349,595 ($13,495,951 x 10.0%).
- The total recurring decrease in state expenditures is estimated to be $12,146,356 ($6,882,935 + $5,263,421).

- According to Benefits Administration, some state plan members' insurance premiums are funded through federal dollars. It is estimated 0.89 percent of the state share of the state plan is funded with federal dollars, resulting in a recurring decrease in federal expenditures estimated to be $108,103 ($12,146,356 x 0.89%).
- The total recurring decrease in state expenditures is estimated to be $12,038,253 ($12,146,356 - $108,103).
- Based on information previously provided by the Division of TennCare, no programs require patients to pay more than $100 for insulin in any 30-day period; therefore, any fiscal impact is estimated to be not significant.
- TennCare receives federal and supplemental rebates for insulin products and the net cost of an insulin product never exceeds $100; therefore, TennCare does not estimate any savings due to the $100 price cap that may be charged by suppliers of prescription insulin drugs.

IMPACT TO COMMERCE:

NOT SIGNIFICANT

Assumptions:

- Insurance providers will experience a significant amount of savings due to capping the price insulin suppliers can charge at $100. Any increase in costs incurred by insulin suppliers will be passed on to consumers in other states.
- While the exact amounts cannot be determined, the net impact to commerce is considered not significant.
- The proposed legislation will not have a significant impact on jobs in the state.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Bojan Savic

Bojan Savic, Interim Executive Director

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